

Energy Operating Company

2275 Logos Court, Suite B-1
Grand Junction, CO. 81505

January 5, 2007

Ms. Diana Mason
Division of Oil, Gas and Mining
Box 14581
Salt Lake City, Utah 84114-5801

Re: Application For Permit To Drill
Royale Energy, Inc.'s;

Vernal Equinox 11-1
Sec.11-T16S-R21E
Grand County, Utah
Fed Lease # UTU-74421

V Canyon 20-1
Sec.20-T15S-R21E
Uintah County, Utah
Fed Lease # UTU-78023

Dear Diana:

Enclosed, please find in duplicate, Federal APD's for Royale Energy's above described wells. The Class III Cultural Resource Inventory report has been sent under separate cover from Grand River Institute.

Also enclosed in duplicate is a Federal sundry notice pertaining to Royale Energy's Moon Canyon #4, API #43-019-31470.

Please do not hesitate to contact me at (970) 245-3951 regarding any questions you may have regarding these applications or to the sundry notice.

Sincerely,



Eric Noblitt, Agent
Royale Energy, Inc.

RECEIVED

JAN 09 2007

DIV. OF OIL, GAS & MINING

c.c. Phil Nicol -- Royale Energy, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

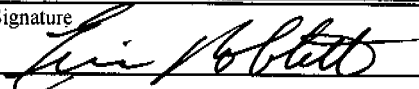
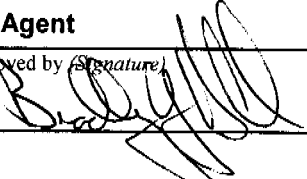
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-74421	
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Royale Energy, Inc.		7. If Unit or CA Agreement, Name and No. Moon Canyon	
3. Address of Operator 7676 Hazard Center Dr. Suite 1500, San Diego, CA. 92108		8. Lease Name and Well No. Vernal Equinox 11-1	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NW1/4 608'FNL, 813'FWL 622530X 39.435837 At proposed prod. zone Same 4365902Y - 109.576259		9. API Well No. 43-019-31512	
14. Distance in miles and direction from nearest town or post office* 70 miles Northwest of Fruita, CO.		10. Field and Pool, or Exploratory Wildcat Undersignated	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 608 ft.		11. Sec., T., R., M., or Blk. and Survey or Area Section 11-T16S-R21E SLM	
16. No. of Acres in lease 560.00		12. County or Parish Grand	
17. Spacing Unit dedicated to this well 40 acres		13. State Utah	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 5,168 ft.		19. Proposed Depth 11,100'	
20. BLM IBIA Bond No. on file UT000026		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7,268' GL	
22. Approximate date work will start* June 10, 2007		23. Estimated duration 30 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Eric Noblitt	Date 1/5/2007
Title Agent		
Approved by (Signature) 	Name (Printed/Typed) BRADLEY G. HILL	Date 01-10-07
Title ENVIRONMENTAL MANAGER		

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Federal Approval of this
Action is Necessary

RECEIVED

JAN 09 2007

DIV. OF OIL, GAS & MINING

T16S, R21E, S.L.B.&M.

1920 Brass Cap,
1.3' High, Pile of
Stones

S89°58'48"W - 2641.48' (Meas.)

N89°58'E - 2641.98' (G.L.O.)

1920 Brass Cap,
1.9' High

VERNAL EQUINOX #11-1
Elev. Ungraded Ground = 7268'

1920 Brass Cap,
1.4' High, Pile of
Stones

11

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

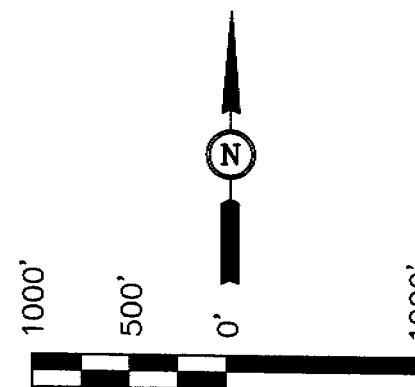
N89°59'W - 5290.56' (G.L.O.)

ROYALE ENERGY, INC.

Well Location, VERNAL EQUINOX #11-1, located
as shown in the NW 1/4 NW 1/4 of Section 11,
T16S, R21E, S.L.B.&M. Grand County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT AN OIL WELL LOCATED IN THE NE 1/4
OF SECTION 15, T16S, R21E, S.L.B.&M. TAKEN FROM THE
TENMILE CANYON NORTH QUADRANGLE, UTAH, GRAND
COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP)
PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE
INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED
AS BEING 7620 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

ROBERT L. HARRIS
REGISTERED LAND SURVEYOR
RENEWAL NO. 161319
STATE OF UTAH

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(AUTONOMOUS NAD 83)

LATITUDE = 39°26'09.15" (39.435875)

LONGITUDE = 109°34'37.34" (109.577039)

(AUTONOMOUS NAD 27)

LATITUDE = 39°26'09.27" (39.435908)

LONGITUDE = 109°34'34.87" (109.576353)

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 11-07-06	DATE DRAWN: 12-05-06
PARTY D.R. Q.B. C.H.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE ROYAL ENERGY, INC.	

CONFIDENTIAL

ROYALE ENERGY, INC.

Vernal Equinox 11-1

813'FWL, 608'FNL

NW/4NW/4; Section 11, Township 16 South, Range 21 East, SLM

Grand County, Utah

Lease # UTU-74421

Surface Use & Operations Plan

Ownership

Surface & Minerals:

Bureau of Land Management
Vernal Field Office
170 South 500 West

Vernal, UT 84078

(435) 781-4800

1. EXISTING ROADS – Refer to Exhibit Topo Maps “A” and “B”.

- A. The proposed wellsite and access road has been surveyed. (see Location Layout Plat)
- B. To reach the proposed location from the UT/CO state line proceed East on Interstate 70 approximately 4.6 miles to the Westwater exit; proceed north .3 mile, turn right and go East 2.2 miles to Hay Canyon & East Canyon road (At National Fuel sign) turn left, proceed Northwest 12.6 miles to Hay Canyon road, turn left and travel up Hay Canyon 13.8 miles to Divide road. Turn left. Heading west, travel 9.3 miles to Moon Ridge sign. Turn right. Proceed 8.3 miles to MR 31-15 well. Travel .2 mile NW on access road to Moon Canyon #2 location. Turn right at flagging. Follow flagged proposed access road travel 1.2 miles. Turn right and travel Southeasterly for .3 miles to the Vernal Equinox 11-1 location.
- C. Access roads refer to Exhibit Topo Maps “A” and “B”.
- D. Access roads within a one (1) mile radius, none – refer to Exhibit Topo Maps “A” and “B”.
- E. The existing roads will be maintained in the same or better condition as existed prior to the commencement of operation and said maintenance will continue until final abandonment and reclamation of said well location.

2. NEW ROAD– Refer to Topo Map Exhibits “A”& “B”

Access to the location will be on Grand County maintained roads until you reach the proposed new access road in SWSE Sec.10-T16S-R21E

- A. Width – This road constructed to a twenty (20) foot running surface on a 30 ft. right-of-way.
- B. Construction Standard -Any road improvements will be conducted in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction activities on public domain lands.
- C. Maximum grade – The maximum grade is under 8%.
- D. Turnouts – Several turnouts exist on the existing road any new turnouts will be consultation of the appropriate governing authority.
- E. Drainage design – The existing road shall be maintained to provide proper drainage along the road.
- F. Culverts and low water crossings – No low water crossings are anticipated. Culverts will be installed as needed.
- G. Surface material – It is anticipated that no additional surface material will be required for drilling and production operations. Should spot graveling be required during drilling operations, gravel would be obtained from the nearest commercial site.
- H. Gates, cattleguards or fence cuts: No Fence cuts or cattleguards will be required along the proposed existing route. All gates will be maintained during operations.
- I. Road maintenance – During both the drilling and production phase of operations, the road surface will be kept in a safe and useable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing, and will also be maintained in accordance with the original construction standards. The access road will be kept free and clear of trash during all operations.

3. LOCATION OF EXISTING WELL WITHIN A ONE-MILE RADIUS

- | | | |
|----|-----------------------------|------|
| A. | Water wells | none |
| B. | Abandoned wells | none |
| C. | Temporarily abandoned wells | none |
| D. | Disposal wells | none |

E.	Proposed wells	Royale Energy Inc/Vernal Equinox 2-1 NWNW Sec.2-T16S-R21E
F.	Shut-in wells	none
G.	Producing	none

4. LOCATION OF PROPOSED FACILITIES

- A. All production facilities will be located on the disturbed portion of the well pad and at a minimum from of twenty-five (25) feet from the toe of the back slope or top of the fill slope.
- B. Any road improvements will be conducted in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction activities on public domain lands.
- C. If the subject well is commercial, a proposed 3" welded surface line will be laid from the edge of location heading west to the proposed road in NENE Section 10-16S-21E. (Approximately .19 miles) The line will then turn south and parallel the proposed road for 1.15 miles to intersection of roads and tie-in to an existing 3" pipeline in SWSE Section 10-T16S-R21E. Royale is proposing a surface pipeline, due to the exposed bed rock at the surface of the pipeline R-O-W.
- D. All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, non-reflective color to match the standard environmental colors. All facilities will be painted within six months of installation. Facilities required by OSHA may be excluded. Colors will be painted Juniper Black (5W A20-6), unless otherwise advised by the governing authority.
- E. If a gas meter run is constructed, it will be located within 500 feet of the wellhead. The flowline will be buried from the wellhead to the meter and will be buried downstream until it leaves the pad. The meter run will be housed. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR 3162. 7-3, *Onshore Oil and Gas Order No. 5*, and the American Gas Association (AGA) Report No. 3.
- F. If a tank battery is constructed on the lease, it will be surrounded by a berm of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding

the tank battery. All oil production and measurements shall conform to provisions of 43 CFR 3162. 7-3 and *Onshore Oil and Gas Order No. 4*.

- G. Production facilities on location may include a lined or unlined water pit as specified in *Onshore Oil and Gas Order No. 7*. If water is produced from the well, an application in conformance with Order No. 7 must be submitted. Any pit will be fenced with barbwire held in place by metal side post and wooden corner "H" braces in order to protect livestock and wildlife.
- H. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road, drill pad and any additional area specified in the approved Application for Permit to Drill (APD).
- I. Reclamation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as recommended by the BLM.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Water supply for the subject well shall come from a private source in Sec. 6, T16S-R23, owned by Bert Delambert. Utah Water Change Application # t27896 authorizes such use and a water use agreement with Mr. Delambert has been obtained.
- B. No water well will be drilled.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. It is not anticipated that any construction materials (gravel) will be required during construction or operations. If required, a private contractor (or surface owner) having a previously approved source within the general area will be used.
- B. No construction material will be taken from Federal lands. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2-3.

7. METHODS OF HANDLING WASTE MATERIALS

- A. Cuttings - The drill cuttings will be deposited in the reserve pit.
- B. Drilling fluids - All fluids including chemicals will be contained in the reserve pit. The reserve pit will be designed to prevent the collection of surface runoff and will be constructed with a minimum of one-half (1/2) total depth below the original ground level and at the lowest point within the pit. Prior to back-filling the reserve pit liquids will be disposed in an approved facility and the contents will be allowed to dry. The disturbed portion of the pad will be reclaimed. A 12-mil synthetic pit liner is proposed.
- C. Produced fluids - Liquid hydrocarbons that may be produced during completion operations will be placed in test tanks on the location. Produced water will be

placed in the reserve pit (Vernal Equinox 11-1) for a period not to exceed ninety days after initial production.

During this ninety (90) day period, in accordance with *Onshore Oil and Gas Order Number 7*, an application for approval of a permanent disposal method and location, along with required water analysis, shall be submitted to the Authorized Officer for approval.

Any spills of oil, gas, salt water or any other potentially hazardous substances will be cleaned up and immediately removed to an approved disposal site.

- D. Sewage – Portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, these toilets will be removed and the contents thereof disposed of in an approved sewage disposal facility.
- E. Garbage and other waste material – All garbage and non-flammable waste materials will be contained in a dumpster or trash cage. Upon completion of operations, or as needed, the accumulated trash will be hauled off-site to an approved sanitary landfill. No trash will be placed in the reserve pit during any operations pertaining to this well.
- F. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash cage will be cleaned up and removed from the well location. No potentially adverse materials or substances will be left on location.
- G. Any open pits will be fenced during the drilling operation and said fencing will be maintained until such time as the pits have been back-filled.

8. ANCILLARY FACILITIES

None anticipated.

9. WELLSITE LAYOUT

- A. Attached hereto is a diagram (fig.1) showing the proposed location layout. No permanent living facilities are planned. There will be approximately four (4) trailers on location during drilling operations: one each for the wellsite supervisor, mudloggers, drilling fluids engineer and toolpusher.
- B. Topsoil will be stock piled on the West and East sides of the drillpad. Brush and trees will also be stock piled on the Southeast and Northeast corner of pad and will be used in the site reclamation process. Erosion ditches will be created along the side of the drill pad to control runoff from the drill pad. (see location layout plat. Fig.1)

- C. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via *Sundry Notice* (form #3160-5) for approval (see # 4B)
- D. Prior to commencement of drilling operations, the reserve pit will be fenced on three (3) sides with four strand barbed wire held in place by metal side post and wooden corner "H" braces in order to protect livestock and wildlife.
 - 1. Corner post shall be braced in such a manner to keep the fence tight at all times.
 - 2. Standard steel, wood or pipe post shall be used between the corner braces. The maximum distance between any two (2) posts shall be no greater than sixteen (16) feet.
 - 3. All wire shall be stretched, by using a stretching devise, before it is attached to the corner posts.
 - 4. The fourth (4th) side of the reserve pit will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is back-filled.
- E. Any Hydrocarbons on the pit will be removed immediately.
- F. Flare pit will be a minimum of 100 feet from the wellhead and 30 feet from the reserve pit when applicable. The flare pit will be on laydown side of pad.

10. PLANS FOR RECLAMATION OF THE SURFACE

Producing

- A. Any rat and mouse holes will be back-filled and compacted from to top immediately upon release of the completion rig from the location. The location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.
- B. Any oil located on the pits will be removed immediately in accordance with 43 CFR 3162.7-1.
- C. Back-filling, leveling and re-contouring are planned as soon as possible after cessation of drilling and completion operations. Waste and spoil materials will be disposed of immediately upon cessation of drilling and completion activities.

Fluids from the reserve pit shall be removed. The liner shall be torn and perforated before back-filling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The

reserve pit will be reclaimed within six (6) months from the date of well completion. Before any dirt work takes place, the reserve pit will be completely dry and all cans, barrels, pipe, etc., shall be removed.

During the interim management of these wells, the locations will be recontoured and topsoil spread to the deadmen. Utilizing a drill, the location will be seeded using 6 lbs of Western Wheatgrass and 6 lbs of Smooth Brome grass or as recommended by the Authorizing Officer(AO)

Dry Hole/Abandoned Location

1. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and the BLM will attach the appropriate surface rehabilitation conditions of approval.

11. OTHER INFORMATION

A. Proximity of Water, Occupied Dwellings, Archaeologist, Historical or Cultural Sites:

1. There are no known, occupied dwellings within one (1) mile of the location.
2. There are no known water wells within one (1) mile of location.
3. A Class III cultural inventory was completed on the proposed well site and access road by Grand River Institute (970) 245-7868. Report will be sent under separate cover.

Royale Energy, Inc. will be responsible for informing all persons in the area who are associated with the project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. If historic or archaeological materials are uncovered, Royale will suspend all operations that might further disturb such materials and immediately contact the Authorized Officer (AO). Operations are not to resume until written authorization to proceed is issued by the AO. Within five (5) working days the AO will inform the operator as to:

- A. whether the materials appear eligible for the National Register of Historic Places;
- B. the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and


- C. a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Reservation Officer, that the findings of the AO are correct and that mitigation is appropriate.
- B. The operator will, control noxious weeds along right-of-way for roads, pipelines, wellsites or other applicable facilities. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- C. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities.

12. LESSEE'S OR OPERATORS REPRESENTATIVE AND CERTIFICATION

Royale Energy, Inc.
7676 Hazard Center Drive, Suite 1500
San Diego CA 92108
Phone: (619) 881-2870
Fax (619) 881-2876
Drilling@royl.com
Attention: Lauren Hartwell

Prepared by:

Date: January 5, 2006


Eric Noblitt, Agent
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970) 245-3951
enoblitt@bresnan.net

ROYALE ENERGY, INC.

Vernal Equinox 11-1

813'FWL, 608'FNL

NW/4NW/4; Section 11, Township 16 South, Range 21 East, SLM

Grand County, Utah

Lease # UTU-74421

DRILLING PLAN

General

NOTE: This well is to be drilled as a tight hole. Unauthorized personnel are not to be allowed on rig floor. All information is to be kept confidential.

Surface Location: 608' FNL and 813' FWL
NWNW; Sec. 11-T16S-R21E, SLM
Uintah County, Utah
Latitude: 39.435908
Longitude: 109.576353 (NAD 27)

Bottomhole Location: Same

Proposed Total Depth: 11,100'

Elevation: 7268' Ground Level (Ungraded)

Drilling Contractor: As yet to be determined.

Drilling Procedure

Location

- 1) Build location, dig and line reserve pit w/ felt and 12 mil pit liner as per pad layout specifications.

Surface Hole

- 1) Move in and rig up air drilling rig. Called in spud to BLM
- 2) Drill a 12-1/4" surface hole to 1,100' with air. Notified Vernal BLM as to cementing of surface casing.
- 3) Circulate and condition as required. Trip out of hole.
- 4) Run and cement 2,100' of 9-5/8", 36#, K-55, ST&C, 8rd casing.
- 5) Rig down and move off surface hole drilling rig.

- 6) Install 4'X6' cellar rig. Weld on 11" X 5,000 PSI flanged casing head. MU 11"5K X 11"5K spacer spool.

Intermediate Hole

- 1) MIRU rotary rig. Notify Vernal as to BOP/CSG pressure test. Nipple up and pressure test BOPE and 9-5/8" casing, not to exceed to 70% internal yield of 9-5/8" csg.
- 2) Mud up. Trip in hole w/ 8-3/4" PDC bit. Drill out float collar and guide shoe. Drill 8-3/4" intermediate hole from base of surface casing to 6600' (or 200'+/- into Mancos or as to Geologist recommendation)

Decision Point: Run 7" casing or continue drilling

This area of the Bookcliffs is notorious for hole problems (i.e. loss circulation, hole sloughing, deviation, etc.) in the Wasatch / Green River sections. At casing point(200' into Mancos @ 6600'+/-), hole conditions will dictate whether to run casing or drill ahead to total depth without intermediate casing. If casing is run, proceed with #3. If casing is not run, proceed to #8.

- 3) Condition hole as per mud program. Run openhole logs as per logging program.
- 4) Trip in hole w/ bit and drill string. Condition hole for running pipe. Laydown 4-1/2" DP.
- 5) Run and cement 7" 23# production casing according to cement recommendation. Change out ram blocks in BOP.
- 6) Pressure test 7" casing string to 1,500 psi for thirty (30) minutes. PU 3-1/2" DP.
- 7) Drill out 7" intermediate casing with 6-1/4" PDC bit.
- 8) Well will be drilled to a depth of 11,100'
- 9) At T.D., condition hole for running openhole logs as per mud program.
- 10) Run openhole logs as per logging program.

Decision Point: Produçible/Dryhole

Producible

- 1) Trip in hole w/ bit and drill string. Condition hole for running pipe. Trip out of hole laying down drill- pipe and collars. Notify Vernal BLM as to running and cementing of long string.
- 2) Run and cement 4-1/2" production casing according to cement recommendation.

Dryhole

- 1) Notify Venal BLM and receive plugging orders. Trip in hole open ended and plug well as per BLM orders.
- 2) Release drilling rig. Reclaim location.

***Estimated Tops of Geological Markers
(From GL)***

Green River	Surface
Main Mancos	6400'
Dakota Silt	9,800'
Entrada	10,900'
TD	11,100'

***Estimated Depths of Anticipated Water, Oil , Gas or Mineral Formations
(From GL)***

<u>Formation</u>	<u>Top</u>	<u>Possible Formation Content</u>
Dakota Sandstone	10,000'	gas
Morrison	10,200'	gas or water
Entrada	10,900'	gas or water

Pressure Control Equipment

- 1) Type: 11" X 5,000 psi WP, double-gate BOP and 11" X 5,000 psi WP annular BOP with hydraulic closing unit. (See Schematic #1)

The blowout preventer will be equipped as follows:

- 1) One set of blind rams
- 2) One set of pipe rams
- 3) Drilling spool with two side outlet (choke side: 3" minimum and kill side 2" minimum)
- 4) Kill line: Two-inch minimum
- 5) Two kill line valves, one of which will be a check valve (2" minimum)
- 6) Choke line: Three-inch minimum.
- 7) Two choke line valves: Three-inch minimum.
- 8) One manually operated choke: Three-inch minimum.
- 9) Pressure gauge on choke manifold.
- 10) Upper kelly cock with handle readily available.
- 11) Full opening internal blowout preventer or drill pipe safety valve able to fit all connections.
- 12) Fill-up line to be located above uppermost preventer.

- 2) PRESSURE RATING: 5,000 PSI

3) TESTING PROCEDURE

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the approved BOP stack. (if isolated from the surface casing by means of a test plug) or 70% of the internal yield strength of the surface casing (if not isolated from the surface casing by means of a test plug). Pressure will be maintained for a period of at least ten minutes or until requirements of the test are met, whichever is longer.

At a minimum, this pressure test will be performed:

- 1) When the BOP is initially installed
- 2) Whenever any seal subject to test is broken.
- 3) Following related repairs.
- 4) At thirty day intervals.

In addition to the above, the pipe rams will be activated daily, and the blind rams will be activated on each trip (but not more frequently than once each day). All BOP tests and drills will be recorded in the IADC Driller's Log (tour sheet)

5) CHOKE MANIFOLD EQUIPMENT: (See Schematic #1)

All choke lines will be straight lines, unless turns use tee-blocks, or are targeted with running tees.

These lines will be anchored to prevent whip and vibration.

6) ACCUMULATOR:

The accumulator will have sufficient capacity to close all rams (plus the annular preventer, if applicable) and maintain a minimum of 200 psi above the pre-charge pressure without the use of the closing-unit pumps. The fluid reservoir capacity will be double the accumulator capacity and the fluid level will be maintain at the manufacturer's recommendation. The BOP system will have two independent power sources to close preventers. Nitrogen bottles (three minimum) will be considered one of these sources and will maintain a charge equal to the manufacturer's specifications.

The accumulator pre-charge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six months thereafter. The accumulator pressure will be corrected if the measured pre-charge pressure is found to be above or below the maximum or minimum limits of manufacturer's specifications.

7) MISCELLANEAUS INFORMATION:

The blowout preventer and related pressure-control equipment will be installed, tested, and maintained in compliance with the specifications in and requirements of BLM's Drilling and

Operating Practices. The choke manifold and BOP extension rods will be located outside the rig sub-structure.

The hydraulic BOP closing unit will be located at least twenty-five feet from the wellhead, but will be readily accessible to the driller. Exact location and configuration of the hydraulic BOP closing unit will depend upon the particular drilling rig contracted to drill this hole.

Casing and Cementing Programs

PROPOSED CASING DESIGN

<u>Size</u>	<u>Interval</u>	<u>Length</u>	<u>Description</u>
9-5/8"	0' – 2,100'	2,100'	36#, K-55, STC
7"	0' – 6,600'	6,600'	23#, N-80, LTC
4-1/2"	0' - 11,100'	11,100'	11.6# P-110, LTC

A regular guide shoe and insert float will be run on the bottom and top of the first joint on casing. The guide shoe and float collar will be made up with A.P.I. thread locking compound. On 4-1/2" casing, a stop ring and centralizer will be run in the middle of the shoe joint. Centralizers will be ran 1 joint above float and across all potential pay zones.

NOTE: Casing strings will be pressure tested to 0.22 psi/ft of casing string depth, or 1,500 psi, whichever is greater (not to exceed 70 % of the internal yield strength of the casing) after cementing and prior to drilling out from under the casing shoe.

PROPOSED CEMENTING PROGRAM

<u>Casing / Hole Size</u>	<u>Cement Slurry</u>	<u>SX</u>	<u>PPG</u>	<u>Yield</u>
9-5/8" / 12-1/4"	Tail: Class "G" w/ 2% CaCl ₂ & 0.25 PPS Flocele (100% excess)	1200	15.8	1.17

Casing Equipment: 1 – Regular Guide Shoe
1 – Insert float collar

NOTE: Precede cement w/ 50 bbls of fresh water. Have 100 sx "neat" cement on location and 1" line pipe to pump a cement top job if cement is not circulated to surface and/or cement falls back. All waiting-on –cement times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

This section of hole may be two staged cemented if loss circulation is encountered.

IF INTERMEDIATE CASING IS NOT RUN

NOTE: Actual cement volumes will be calculated from caliper log.

NOTE: Precede cement with 50 bbls of fresh water. Run compatibility test on proposed cement with actual make-up water. Cement design and volumes may be altered depending on results of caliper log and presence of lost circulation zones.

Drilling Fluids Program

SURFACE HOLE: 0' - 2,100' **HOLE SIZE: 12-1/4" 9-5/8" CASING**

Surface pipe will be pre-set with air rig.

INTERMEDIATE HOLE: 1,100' – 6,600' HOLE SIZE: 8-3/4" 7" CASING

Drill out surface casing cement with water discarding contaminated fluid into reserve pit. Mix up 6+ PPB DAP w/ PolyPlus water system. Mud up system 1 day prior to logging. Keep trip speeds down to reduce surge/swab pressure. Keep hole full at all times. Monitor pit levels to detect loss circulation and gas kicks. Sweep hole as dictated by hole conditions and prior to running production casing. Keep drill string moving at all times.

Recommend Fluid Properties: Weight:	8.6 – 8.8PPG
Viscosity:	As per mud engineer recommendation
Water Loss:	8-10CC'S

PRODUCTION HOLE: 6,600' – 11,100' HOLE SIZE: 6-1/4" 4-1/2" CASING

Drill out intermediate casing cement with water discarding contaminated fluid into reserve pit. Mud up with 6+ PPB DAP w/ PolyPlus mud system. Keep trip speeds down to reduce surge/swab pressure. Keep hole full at all times. Monitor pit levels to detect loss circulation and gas kicks. Sweep hole as dictated by hole conditions and prior to running production casing. Keep drill string moving at all times. Have 100-200 PPM nitrates in mud system prior to drilling any potential pay zones that may be DST'd.

Recommended Fluid Properties:	Weight:	8.8 – 9.2 PPG
	Viscosity:	As per mud engineer rec
	Water Loss:	8-10 CC'

Evaluation Program

MUDLOGGING: Drilling samples will be caught every 20' from 1100' to 9,000'. Mudloggers will be on location and rigged up before drilling of the Castlegate formation. 10' samples will be caught from 9,000' to T.D. or as directed by wellsite geologist.

OPENHOLE LOGGING: 6,600 – 1,100' – CNL/FDC w/ XY caliper and DLL
11,100 – 6,600' – CNL/LDT w/ XY caliper and DLL

DRILLSTEM TESTING: None anticipated.

CORING: None anticipated.

STIMULATION: All prospective zones will be perforated, flow tested and evaluated to determine if acidizing and/or fracturing is required. The drill site will be of sufficient size to accommodate all completion operations.

The proposed Evaluation Program may change at the discretion of the well site drilling supervisor and geologist with the approval from the Authorizing Officer, Vernal BLM.

Two copies of all logs, core descriptions, core analyses, DST test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during drilling, workover, and/or completion operations will be filed on form #3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the District Manager, Vernal BLM.

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

A cement bond log (CBL) will be run from the production casing shoe to top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

An electronic copy of all logs run on this well will be submitted in LAS format.

Anticipated Bottomhole Pressure

A bottomhole pressure of 3885 psi (.35 gradient) is anticipated at total depth (11,100')

Abnormal Conditions

No abnormal temperature or pressures are anticipated in the drilling of the Vernal Equinox 11-1

Anticipated Starting Date and Miscellaneous

ANTICIPATED STARTING DATE:	Location Construction	June 10, 2007
	Spud Date	June 25, 2007
	Drilling Days	30 days
	Completion Days	14 days

Notifications of Operations

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

All water shows and water-bearing sands shall be reported to John Mayers of the Vernal BLM office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval

of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Written notification of such must be submitted to this office not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergencies, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries and tested for meter accuracy at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal Field Office. All meter measurement facilities will conform to Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If operator fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

In the event after-hours approvals are necessary, operator will contact one of the following individuals:

James Ashley
Petroleum Engineer


(435) 828-7874

Michael Lee
Petroleum Engineer

(435) 828-7875

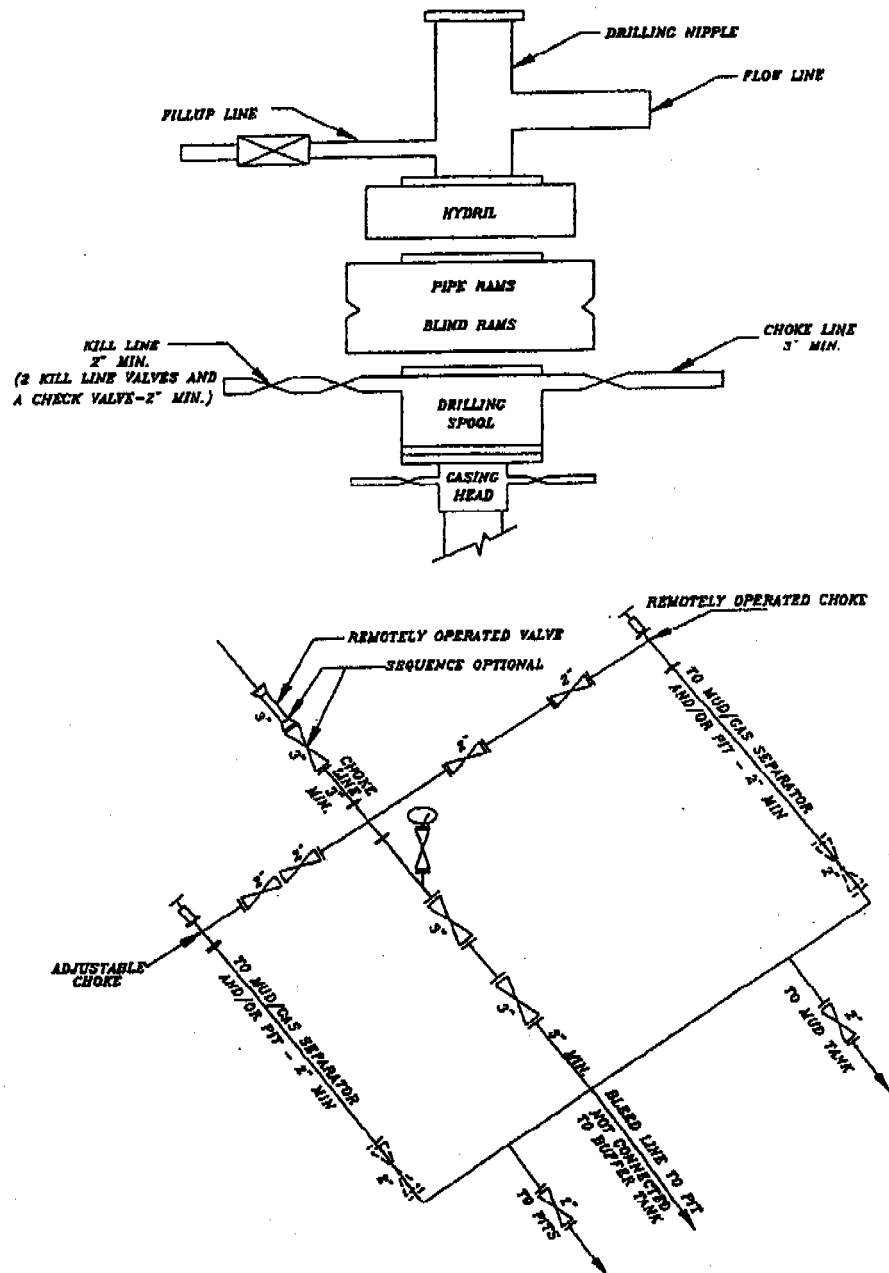
Prepared by:

Date: January 5, 2007

A handwritten signature in black ink, appearing to read "Eric Noblitt", written over a horizontal line.

Eric Noblitt, Agent
Energy Operating Company
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970) 245-3951
enoblitt@bresnan.net

5M BOP STACK and CHOKE MANIFOLD SYSTEM



ROYALE ENERGY, INC.

Vernal Equinox 11-1

813'FWL, 608'FNL

NW/4NW/4; Section 11, Township 16 South, Range 21 East, SLM

Grand County, Utah

Lease # UTU-74421

Hazardous Material Declaration & Self-Certification

1. HAZARDOUS MATERIAL DECLARATION

No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used in the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

2. SELF CERTIFICATION

Please be advised that Royale Energy Inc. is considered to be the operator of the Vernal Equinox 11-1 located in the NWNW Sec.11-TWP.16S-RNG 21E, Uintah County, Utah. Federal Lease UTU-74421. Royale Energy Inc. will be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by:

American Contractors Indemnity Company
9841 Airport BLVD. 9th Floor
Los Angeles, CA. 90045

Type of Bond: Statewide Oil and Gas


Bond Amount: \$25,000.00

Bond Surety NO.: 179597

BLM Bond NO.: UT000026

Prepared by:

Date: January 5, 2007



Eric Noblitt, Agent
Energy Operating Company
2275 Logos CT. #B-1
Grand Junction, CO. 81505
Phone: (970) 245-3951
Fax: (970) 245-3958
enoblitt@bresnan.net

ROYALE ENERGY, INC.
VERNAL EQUINOX #11-1
SECTION 11, T16S, R21E, S.L.B.&M.

PROCEED IN A NORTHWESTERLY, THEN WESTERLY, THEN SOUTHWESTERLY DIRECTION FROM FRUITA, COLORADO ALONG INTERSTATE 70 APPROXIMATELY 30.0 MILES TO THE JUNCTION INTERSTATE 70 AND AN EXISTING ROAD TO THE NORTHWEST; EXIT RIGHT AND PROCEED IN A NORTHWESTERLY, THEN NORTHEASTERLY, THEN NORTHWESTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 9.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 7.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 6.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 7.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 9.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 7.7 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE PROPOSED #2-1 TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTHEAST; FOLLOW ROAD FLAGS IN A SOUTHEASTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM FRUITA, COLORADO TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 80.0 MILES.

CONFIDENTIAL

ROYALE ENERGY, INC.
VERNAL EQUINOX #11-1
LOCATED IN GRAND COUNTY, UTAH
SECTION 11, T16S, R21E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: EASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

12 01 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.R.

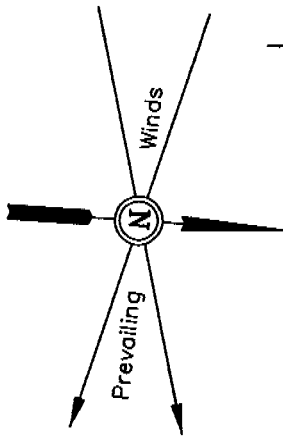
DRAWN BY: C.P.

REVISED: 00-00-00

ROYALE ENERGY, INC.

FIGURE #1

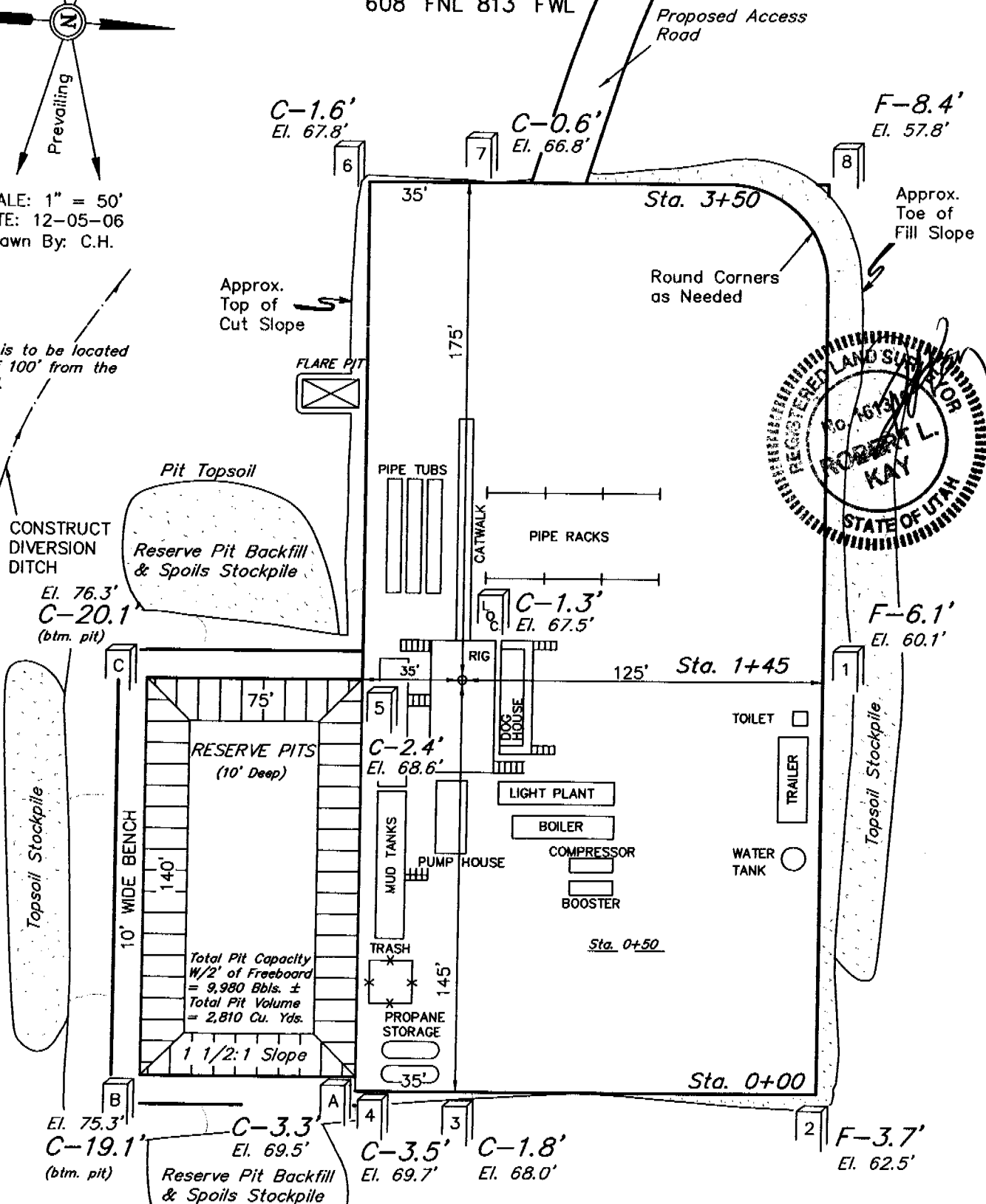
LOCATION LAYOUT FOR
VERNAL EQUINOX #11-1
SECTION 11, T16S, R21E, S.L.B.&M.
608' FNL 813' FWL



SCALE: 1" = 50'
DATE: 12-05-06
Drawn By: C.H.

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 7267.5'
FINISHED GRADE ELEV. AT LOC. STAKE = 7266.2'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

ROYALE ENERGY, INC.

TYPICAL CROSS SECTIONS FOR

VERNAL EQUINOX #11-1

SECTION 11, T16S, R21E, S.L.B.&M.

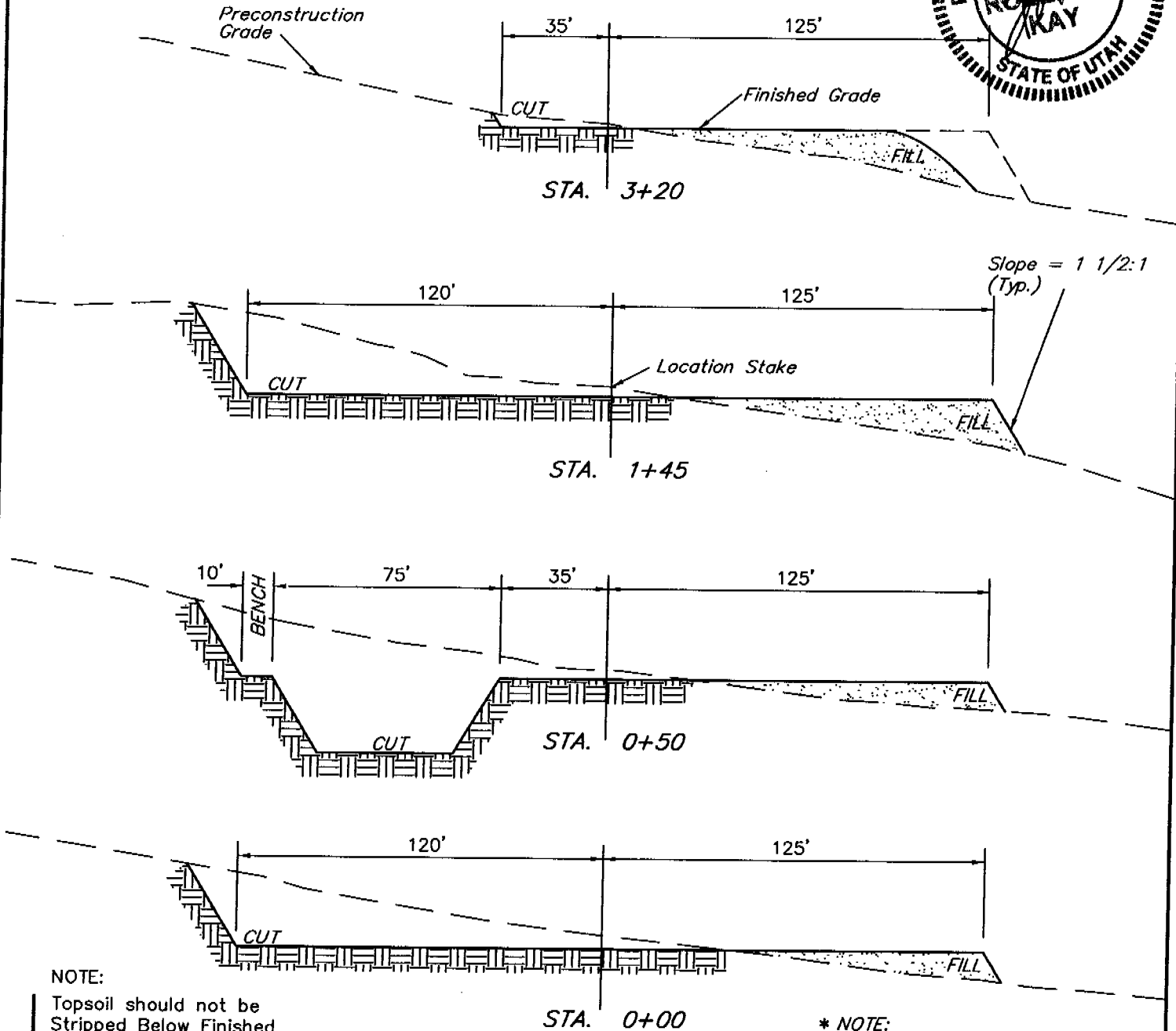
608' FNL 813' FWL

FIGURE #2

1" = 20'
X-Section
Scale
1" = 50'

DATE: 12-05-06

Drawn By: C.H.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT

(6") Topsoil Stripping = 1,430 Cu. Yds.

Remaining Location = 7,120 Cu. Yds.

TOTAL CUT = 8,550 CU.YDS.

FILL = 4,450 CU.YDS.

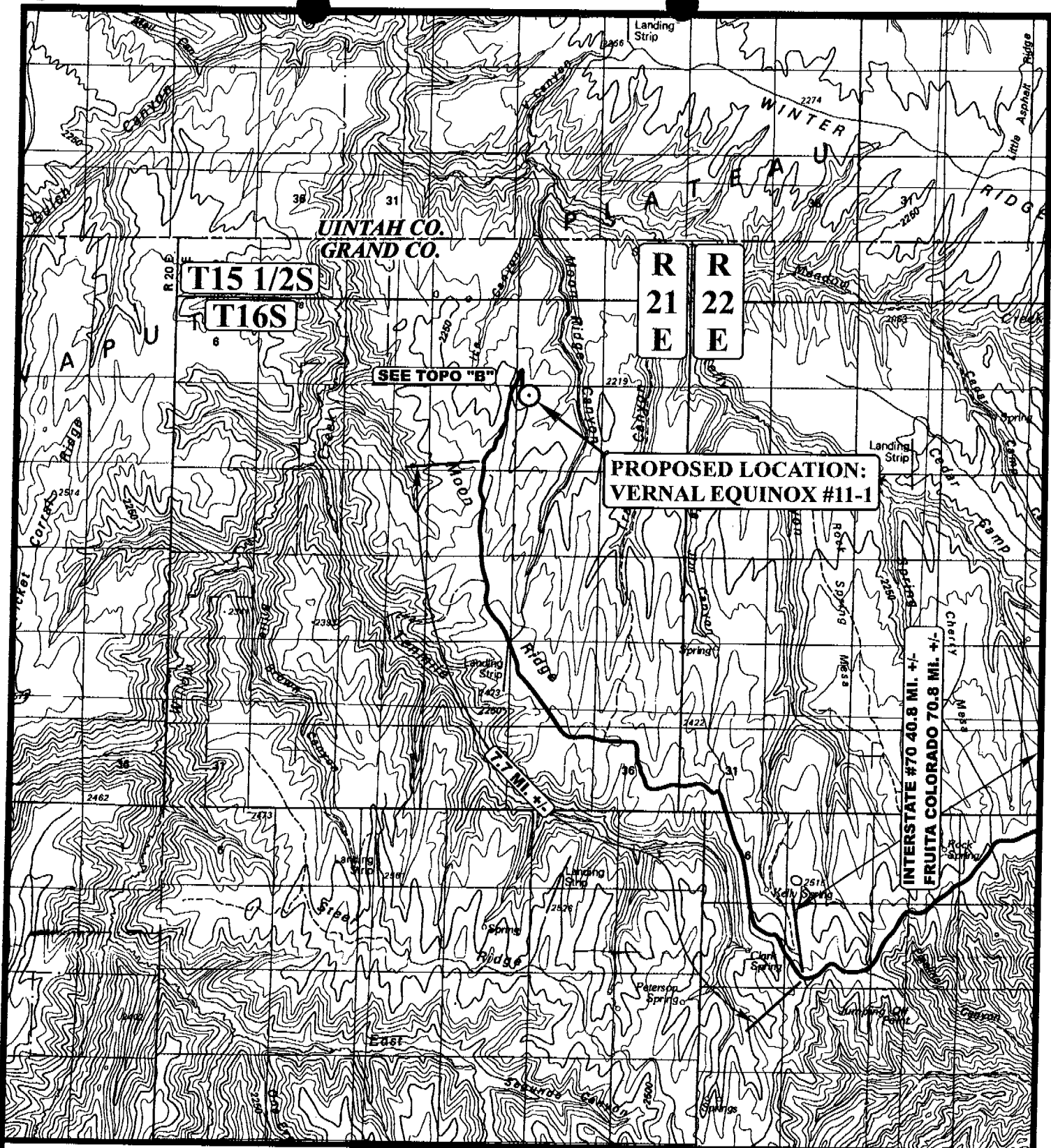
EXCESS MATERIAL = 4,100 Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Vol.) = 2,840 Cu. Yds.

EXCESS UNBALANCE = 1,260 Cu. Yds. (After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

⊙ PROPOSED LOCATION

N

ROYALE ENERGY, INC.

VERNAL EQUINOX #11-1
SECTION 11, T16S, R21E, S.L.B.&M.
608' FNL 813' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

12 01 06
 MONTH DAY YEAR

SCALE: 1:100,000

DRAWN BY: C.P.

REVISED: 00-00-00



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/09/2007

API NO. ASSIGNED: 43-019-31512

WELL NAME: VERNAL EQUINOX 11-1

OPERATOR: ROYALE ENERGY, INC. (N2465)

CONTACT: ERIC NOBLITT

PHONE NUMBER: 970-245-3951

PROPOSED LOCATION:

NWNW 11 160S 210E

SURFACE: 0608 FNL 0813 FWL

BOTTOM: 0608 FNL 0813 FWL

COUNTY: GRAND

LATITUDE: 39.43584 LONGITUDE: -109.5763

UTM SURF EASTINGS: 622530 NORTHINGS: 4365902

FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-74421

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: ENRD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UT000026)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. T27896)
☒ RDCC Review (Y/N)
(Date: _____)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

____ R649-2-3.
Unit: MOON CANYON
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
____ R649-3-3. Exception
____ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
____ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1. Federal Approval
2. Spacing Strip

T16S R21E

VERNAL EQUINOX II-1

MOON CANYON UNIT

FEDERAL 13-11

MOON RIDGE
FIELD

OPERATOR: ROYALE ENERGY INC (N2465)

SEC: 11 T.16S R. 21E

FIELD: UNDESIGNATED (002)

COUNTY: GRAND

SPACING: R649-3-2 / GENERAL SITING

Field Status

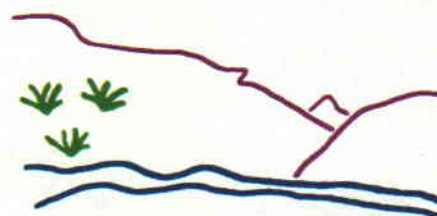
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 10-JANUARY-2007

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

January 10, 2007

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2007 Plan of Development Moon Canyon, Grand County,
Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2007 within the Moon Canyon Unit, Grand County, Utah.

API #	WELL NAME	LOCATION
-------	-----------	----------

(Proposed PZ Entrada)

43-019-31512 Vernal Equinox 11-1 Sec 11 T16S R21E 0608 FNL 0813 FWL	
43-047-38968 V Canyon 20-1	Sec 20 T15S R21E 0507 FNL 2172 FWL

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File – Moon Canyon Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:1-10-07



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 10, 2007

Royale Energy, Inc.
7676 Hazard Center Dr., Ste. 1500
San Diego, CA 92108

Re: Vernal Equinox 11-1 Well, 608' FNL, 813' FWL, NW NW, Sec. 11,
T. 16 South, R. 21 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31512.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab District Office

Operator: Royale Energy, Inc.
Well Name & Number Vernal Equinox 11-1
API Number: 43-019-31512
Lease: UTU-74421

Location: NW NW Sec. 11 T. 16 South R. 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-74421
2. NAME OF OPERATOR: Royale Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: Moon Canyon
3. ADDRESS OF OPERATOR: 7676 Hazard Ctr, Dr. #1500 CITY San Diego STATE CA ZIP 92108		7. UNIT or CA AGREEMENT NAME: Moon Canyon
4. LOCATION OF WELL FOOTAGES AT SURFACE: 813'FWL, 608' FNL		8. WELL NAME and NUMBER: Vernal Equinox 11-1
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWTW 11 16S 21E		9. API NUMBER: 4301931512
PHONE NUMBER: (619) 881-2800		10. FIELD AND POOL, OR WILDCAT: Wildcat

COUNTY: Grand

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc request that information on the above referenced well be held confidential.

NAME (PLEASE PRINT) Eric Noblitt

TITLE Agent

SIGNATURE

DATE 1/29/2007

(This space for State use only)

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JAN 29 2007

DIV. OF OIL, GAS & MINING

Park City, UT. OFF: (801) 647-9712
FAX: (801) 647-9713
Grand Junction, CO. OFF: (970) 245-3951
FAX: (970) 241-3958

Royale Energy, Inc

Fax

To: DOGM/Carol Daniels	From: Eric Noblitt			
Fax: 801.359.3940	Pages: 4 w/ cover			
Phone:	Date: January 29, 2007			
Re:	CC:			
Urgent	For Review	Please Comment	Please Reply	<input type="checkbox"/> Please Recycle

• **Comments:**

Eric Noblitt

907-245-3951

enoblitt@Bresnan.net

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JAN 29 2007

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

5. Lease Serial No.
UTU-74421

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

Moon Canyon

8. Lease Name and Well No.

Vernal Equinox 11-1

9. API Well No.

43-019-31512

10. Field and Pool, or Exploratory

Wildcat

11. Sec., T., R., M., or Blk. and Survey or Area

Section 11-T16S-R21E SLM

12. County or Parish

Grand

13. State

Utah

1a. Type of Work: ☒ DRILL

☐ REENTER

JAN - 9 2007

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☐ Single Zone ☒ Multiple Zone

2. Name of Operator

Royale Energy, Inc.

3. Address of Operator

7676 Hazard Center Dr. Suite 1500, San Diego, CA. 92108

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **608'FNL, 813'FWL NWNW**

At proposed prod. zone **Same**

14. Distance in miles and direction from nearest town or post office*

70 miles Northwest of Fruita, CO.

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

608 ft.

16. No. of Acres in lease

560.00

17. Spacing Unit dedicated to this well

40 acres

18. Distance from proposed*
to nearest well, drilling, completed,
applied for, on this lease, ft.

5,168 ft.

19. Proposed Depth

11,100'

20. BLM IBIA Bond No. on file

UT000026

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

7,268' GL

22. Approximate date work will start*

June 10, 2007

23. Estimated duration

30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the
authorized officer.

25. Signature

Name (Printed/Typed)

Eric Noblitt

Date

1/5/2007

Title

Agent

Approved by (Signature)

Name (Printed/Typed)

TERRY KENCZKA

Date

7-5-2007

Title

**Assistant Field Manager
Lands & Mineral Resources**

Office

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

RECEIVED

JUL 13 2007

DIV. OF OIL, GAS & MINING

UDOGH

UDOGH

07SKS0205A



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Royale Energy, Inc.
Well No: Vernal Equinox 11-1
API No: 43-019-31512

Location: NWNW, Sec. 11, T16S, R21E
Lease No: UTU-74421
Agreement: Moon Canyon Unit

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	

Fax: (435) 781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

General Surface COA

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

Site Specific Surface COAs

- **Within 90** calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee will submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the area using appropriate reclamation methods.
- **Surface Disturbing Activities Notification:** Notify the Authorized Officer (AO) 48 hours prior to surface disturbing activities.
- **Time Limitations:** (Only during construction & drilling)
- Lands in this lease have been identified as crucial Elk and Sage Grouse winter habitat. Therefore, modifications to the Surface Use Plan of Operations will be required in order to protect Elk and Sage Grouse habitat from surface disturbing activities.
- From **December 1 - April 30**, there will be no construction activities, in order to protect crucial Elk winter habitat.
- **Special Status Plants:** If Uinta Basin hook-less cactus or other special status plants are found, construction will cease and the AO will be notified to determine the appropriate mitigation.
- **Paleontology:** If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

- **Pipelines:** The buried pipeline exception request has been received. It has been determined that the pipeline route has bedrock exposed at the surface. The exception is granted for a surface, steel pipeline (3").
 - Pipelines will be buried at all major road and drainage crossings.
- **Right of way (ROW):** Will not be required for the proposed gas well Vernal Equinox 11-1 because it is within the Moon Canyon Unit.
- **Wet Soil - Caution:** No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of three inches deep, the soil shall be deemed too wet to adequately support construction equipment.
- **Access Road:**
 - Access road shall be winding, and kept off the ridge. Include low water crossings, culverts, water bars, and turn outs, etc. as necessary, in order to provide good drainage, control soil erosion, and also for safety reasons.
 - Limit access road construction to gentle slopes in order to avoid need for special construction designs.
- **Soil Erosion – Caution:** Lands where the proposed gas well is located have been identified as vulnerable to severe erosion. If additional erosion occurs during the life of this project, more low water crossings, culverts, diversion channels, berms, wing ditches etc. will need to be installed/constructed in order to control erosion.
- **Reserve Pit:** Line with a 12 ml or greater liner and felt.
- **Drainages:**
 - Keep drainages clear.
 - Low-water crossings will be appropriately constructed to avoid sedimentation of drainage ways and other water resources.
 - Prevent fill and stock piles from entering drainages.
- **Paint Color:** All well facilities not regulated by OSHA will be painted Juniper Black.
- **Trees:** Pile all trees together between corner 2 and 3.
- **General Maintenance:**
 - The operator will be responsible for treatment and control of invasive and noxious weeds.
 - Prior to any treatment on BLM administered lands, a Pesticide Use Proposal will be submitted to the Vernal Field Office for approval.
- All boulders found on the surface with a length (or diameter) greater than 3 feet, will be stockpiled for use during final reclamation.
- The operator shall keep the site well maintained and up-to-date.

- **Interim Reclamation:**

- **Maximize** interim reclamation. Within the pad, reseed all areas not needed for production; only leave room for vehicle access.
- During interim management of the surface, the following seed mixture will be used (PLS formula).
 - Western Wheatgrass (*Pascopyrum smi thii*) 6 lbs/acre
 - Smooth Brome grass (*Bromus inermis*) 6 lbs/acre
 - Rates are set for drill seeding; double the rate if broadcasting.
 - Reseeding may be required if initial seeding is not successful.
 - **If no germination after two attempts, contact BLM authorized officer.**

- **Final Reclamation:**

- See APD
- Once the location is plugged and abandoned, it shall be recontoured to natural topography, topsoil shall be re-spread, and the entire location shall be seeded with a seed mixture recommended by the A.O. **Seed application will follow all guidelines recommended for seedbed preparation, planting, watering, and seedling care after germination.**

DOWNHOLE CONDITIONS OF APPROVAL

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

- Production casing cement shall be brought up and into the surface casing (when intermediate casing is not run). Production casing minimum cement top is 1900 ft. The minimum cement top is 200 ft above the surface casing shoe.
- Production casing cement shall be brought up and into the intermediate casing.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.

- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (1/4 1/4, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER _____

2. NAME OF OPERATOR:

Royale Energy, Inc.

3. ADDRESS OF OPERATOR:

7676 Hazard Center Dr 1500 CITY San Diego

STATE CA

ZIP 92108

PHONE NUMBER:

(619) 881-2800

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 608' FNL 813' FWL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 11 16S 21E

STATE:

UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:

UTU-74421

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

Moon Canyon

8. WELL NAME and NUMBER:

Vernal Equinox 11-1

9. API NUMBER:

4301931512

10. FIELD AND POOL, OR WILDCAT:

Wildcat

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>permit extension request</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc. requests a one year extension for its Application for Permit to Drill of the above described well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-17-08
By: [Signature]

COPY SENT TO OPERATOR

Date: 1-22-2008

Initials: KS

NAME (PLEASE PRINT) William Donaldson

TITLE Chief Engineer

SIGNATURE

WB Donaldson

DATE

15 Jan 08

(This space for State use only)

RECEIVED

JAN 17 2008

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-019-31512
Well Name: Vernal Equinox 11-1
Location: NWNW Section 11-T16S-R21E Grand County, UT
Company Permit Issued to: Royale Energy, Inc.
Date Original Permit Issued: 1/10/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

WBDonaldson
Signature

15 Jan 08
Date

Title: William Donaldson

Representing: Royale Energy, Inc.

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JAN 17 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:
Royale Energy, Inc.

3. ADDRESS OF OPERATOR:
7676 Hazard Center Drive S CITY San Diego STATE CA ZIP 92108

PHONE NUMBER:
(619) 881-2800

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 608' FNL, 813' FWL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 11 16S 21E

STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-74421

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Moon Canyon

8. WELL NAME and NUMBER:
Vernal Equinox 11-1

9. API NUMBER:
4301931512

10. FIELD AND POOL, OR WILDCAT:
Wildcat

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Permit Extension Request</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Royale Energy, Inc requests a one year extension for its Application for Permit to Drill of the above described well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-21-09

By: [Signature]

NAME (PLEASE PRINT) Mohamed Abdel-Rahman

TITLE VP of Exploration & Production

SIGNATURE [Signature]

DATE

1/7/09

(This space for State use only)

COPY SENT TO OPERATOR

Date: 1.22.2009

Initials: KS

(See Instructions on Reverse Side)

RECEIVED

JAN 13 2009

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-019-31512
Well Name: Vernal Equinox 11-1
Location: NWNW Section 11 T16S R21E Grand County, UT
Company Permit Issued to: Royale Energy, Inc
Date Original Permit Issued: 1/10/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

1/2/09
Date

Title: VP of Exploration and Production

Representing: Royale Energy, Inc

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JAN 13 2009

DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 9, 2010

Royale Energy, Inc.
7676 Hazard Center Dr. Ste. 1500
San Diego, CA 92108

Re: APD Rescinded – Vernal Equinox 11-1, Sec. 11 T. 16S, R. 21E
Grand County, Utah API No. 43-019-31512


Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 10, 2007. On January 17, 2008 and January 21, 2009, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 9, 2010.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal.html>



IN REPLY REFER TO:

3160

UTG011

February 8, 2010

Eric Noblitt
Royale Energy, Inc.
7676 Hazard Center Dr., Suite 1500
San Diego, CA 92108

43-019-31512

Re: Notice of Expiration
Well No. Vernal Equinox 11-1
NWNW, Sec. 11, T16S, R21E
Grand County, Utah
Lease No. UTU-74421
Moon Canyon Unit

Dear Mr. Noblitt:

The Application for Permit to Drill (APD) for the above-referenced well was approved on July 5, 2007. No extension of the original APD was requested. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM

RECEIVED
FEB 11 2010
DIV. OF OIL, GAS & MINING